

**Leonard Income Summary**

Item	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Totals</u>
1 Ortega Management Trust	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 10,000.00
2 Abetos del Bosque Lluvioso, S.A.	\$ 300,931.74	\$ 881,792.03	\$ 296,000.23	\$ 112,538.76	\$ 1,591,262.76
3 CTM Ventiseis	\$ -	\$ 30,000.00	\$ 14,432.18	\$ -	\$ 44,432.18
4 Paul & Lisa Leonard	\$ -	\$ -	\$ 29,940.00	\$ 25,038.00	\$ 54,978.00
5 Johanna Leonard	\$ -	\$ -	\$ 4,800.00	\$ 600.00	\$ 5,400.00
6 Teresa Leonard	\$ -	\$ -	\$ 9,800.00	\$ 4,200.00	\$ 14,000.00
7 James Leonard (Estrella Lunar SA)	\$ -	\$ -	\$ 31,511.51	\$ 16,356.00	\$ 47,867.51
	\$ 310,931.74	\$ 911,792.03	\$ 386,483.92	\$ 158,732.76	\$ 1,767,940.45

<b>Form 4549-A</b> (Rev. May 2008)	Department of the Treasury-Internal Revenue Service <b>Income Tax Discrepancy Adjustments</b>		Page <u>1</u> of <u>4</u>
Name and Address of Taxpayer  Richard B. & Dorothy T. Leonard 1481 E. Costilla Ave. Littleton CO 80122	Taxpayer Identification Number  <div style="background-color: black; width: 100px; height: 1.2em; margin: 0 auto;"></div>	Return Form No.: <div style="text-align: right;">1040</div>	
	Person with whom examination changes were discussed.	Name and Title: Richard B. Leonard	

  

	Period End 12/31/1999	Period End 12/31/2000	Period End 12/31/2001
<b>1. Adjustments to Income</b>			
a. Capital Gain or Loss	310,932.00	911,792.00	386,484.00
b. Standard Deduction	(3,600.00)	(3,675.00)	(3,800.00)
c.			
d.			
e.			
f.			
g.			
h.			
i.			
j.			
k.			
l.			
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o.			
p.			
<b>2. Total Adjustments</b>	307,332.00	908,117.00	382,684.00
<b>3. Taxable Income Per Return or as Previously Adjusted</b>	0.00	0.00	0.00
<b>4. Corrected Taxable Income</b>	307,332.00	908,117.00	382,684.00
Tax Method	SCHEDULE D	SCHEDULE D	SCHEDULE D
Filing Status	Married Separate	Married Separate	Married Separate
<b>5. Tax</b>	59,314.00	179,431.00	74,277.00
<b>6. Additional Taxes / Alternative Minimum</b>			760.00
<b>7. Corrected Tax Liability</b>	59,314.00	179,431.00	75,037.00
<b>8. Less Credits</b>			
a. Rate Reduction Credit			300.00
b.			
c.			
d.			
<b>9. Balance (Line 7 less total of Lines 8a thru 8d)</b>	59,314.00	179,431.00	74,737.00
<b>10. Plus Other Taxes</b>			
a.			
b.			
c.			
d.			
<b>11. Total Corrected Tax Liability (Line 9 plus Lines 10a thru 10d)</b>	59,314.00	179,431.00	74,737.00
<b>12. Total Tax Shown on Return or as Previously Adjusted</b>	0.00	0.00	0.00
<b>13. Adjustments to:</b>			
a.			
b.			
c.			
<b>14. Deficiency-Increase in Tax or (Overassessment - Decrease in Tax) (Line 11 less Line 12 adjusted by Lines 13a through 13c)</b>	59,314.00	179,431.00	74,737.00
<b>15. Adjustments to Prepayment Credits-Increase (Decrease)</b>			
<b>16. Balance Due or (Overpayment) - (Line 14 adjusted by Line 15) (Excluding interest and penalties)</b>	59,314.00	179,431.00	74,737.00

<b>Form 4549-A</b> (Rev. May 2008)	Department of the Treasury-Internal Revenue Service <b>Income Tax Discrepancy Adjustments</b>		Page <u>2</u> of <u>4</u>
Name of Taxpayer Richard B. & Dorothy T. Leonard		Taxpayer Identification Number <div style="background-color: black; width: 100px; height: 1.2em; margin: 0 auto;"></div>	Return Form No.: 1040

  

17. Penalties/ Code Sections	Period End 12/31/1999	Period End 12/31/2000	Period End 12/31/2001
a.			
b.			
c.			
d.			
e.			
f.			
g.			
h.			
i.			
j.			
k.			
l.			
m.			
n.			
<b>18. Total Penalties</b>			
Underpayment attributable to negligence: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underpayment attributable to fraud: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underpayment attributable to Tax Motivated Transactions (TMT). Interest will accrue and be assessed at 120% of underpayment rate in accordance with IRC 6621(c).	0.00	0.00	0.00
<b>19. Summary of Taxes, Penalties and Interest:</b>			
a. Balance due or (Overpayment) Taxes - (Line 16, Page 1)	59,314.00	179,431.00	74,737.00
b. Penalties (Line 18) - computed to 10/27/2009			
c. Interest (IRC § 6601) - computed to 11/26/2009	49,574.73	121,797.54	42,342.70
d. TMT Interest - computed to 11/26/2009 (on TMT underpayment)	0.00	0.00	0.00
e. Amount due or refund - (sum of Lines a, b, c and d)	108,888.73	301,228.54	117,079.70

Other Information:

Examiner's Signature: Name  SAR Computations Only	Employee ID:  00-00000	Office:  Laguna Niguel	Date:  10/27/2009
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The Internal Revenue Service has agreements with state tax agencies under which information about federal tax, including increases or decreases, is exchanged with the states. If this change affects the amount of your state income tax, you should amend your state return by filing the necessary forms.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income you earned and do not pay the required tax. The IRS may order backup withholding (withholding of a percentage of your dividend and/or interest payments) if the tax remains unpaid after it has been assessed and four notices have been issued to you over a 120-day period.

<b>Form 4549-A</b> (Rev. May 2008)	Department of the Treasury-Internal Revenue Service <b>Income Tax Discrepancy Adjustments</b>		Page <u>3</u> of <u>4</u>
Name and Address of Taxpayer  Richard B. & Dorothy T. Leonard 1481 E. Costilla Ave. Littleton CO 80122		Taxpayer Identification Number <div style="background-color: black; width: 100px; height: 1.2em; margin: 2px 0;"></div>	Return Form No.: 1040
Person with whom examination changes were discussed.		Name and Title: Richard B. Leonard	

  

1. Adjustments to Income	Period End 12/31/2002	Period End	Period End
a. Capital Gain or Loss	158,733.00		
b. Standard Deduction	(3,925.00)		
c. Exemptions	(300.00)		
d.			
e.			
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h.			
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o.			
p.			
<b>2. Total Adjustments</b>	154,508.00		
<b>3. Taxable Income Per Return or as Previously Adjusted</b>	0.00		
<b>4. Corrected Taxable Income</b>	154,508.00		
Tax Method	SCHEDULE D		
Filing Status	Married Separate		
<b>5. Tax</b>	28,567.00		
<b>6. Additional Taxes / Alternative Minimum</b>	131.00		
<b>7. Corrected Tax Liability</b>	28,698.00		
<b>8. Less</b>			
a. Credits			
b.			
c.			
d.			
<b>9. Balance (Line 7 less total of Lines 8a thru 8d)</b>	28,698.00		
<b>10. Plus</b>			
a. Other			
b. Taxes			
c.			
d.			
<b>11. Total Corrected Tax Liability (Line 9 plus Lines 10a thru 10d)</b>	28,698.00		
<b>12. Total Tax Shown on Return or as Previously Adjusted</b>	0.00		
<b>13. Adjustments to:</b>			
a.			
b.			
c.			
<b>14. Deficiency-Increase in Tax or (Overassessment - Decrease in Tax) (Line 11 less Line 12 adjusted by Lines 13a through 13c)</b>	28,698.00		
<b>15. Adjustments to Prepayment Credits-Increase (Decrease)</b>			
<b>16. Balance Due or (Overpayment) - (Line 14 adjusted by Line 15) (Excluding interest and penalties)</b>	28,698.00		



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Name of Taxpayer Richard B. & Dorothy T. Leonard		Taxpayer Identification Number <div style="background-color: black; width: 100px; height: 1.2em;"></div>	Return Form No. 1040

  

17. Penalties/ Code Sections	Period End 12/31/2002	Period End	Period End
a.			
b.			
c.			
d.			
e.			
f.			
g.			
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i.			
j.			
k.			
l.			
m.			
n.			
<b>18. Total Penalties</b>			
Underpayment attributable to negligence: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underpayment attributable to fraud: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underpayment attributable to Tax Motivated Transactions (TMT). Interest will accrue and be assessed at 120% of underpayment rate in accordance with IRC 6621(c).	0.00		
<b>19. Summary of Taxes, Penalties and Interest:</b>			
a. Balance due or (Overpayment) Taxes - (Line 16, Page 1)	28,698.00		
b. Penalties (Line 18) - computed to 10/27/2009			
c. Interest (IRC § 6601) - computed to 11/26/2009	13,763.10		
d. TMT Interest - computed to 11/26/2009 (on TMT underpayment)	0.00		
e. Amount due or refund - (sum of Lines a, b, c and d)	42,461.10		

**Other Information:**

Examiner's Signature: Name SAR Computations Only	Employee ID: 00-00000	Office: Laguna Niguel	Date: 10/27/2009
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